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U.S. BANKRUPTCY COURT
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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

Case No. BK-N-01-31627
Chapter 11

In re

WASHINGTON GROUP
INTERNATIONAL, INC., et al.,

Debtors

**ORDER UNDER 11 U.S.C. § 363
AND FED. R. BANKR. P. 9019
APPROVING SETTLEMENT RESOLVING
CLAIMS BETWEEN WASHINGTON GROUP
INTERNATIONAL, INC. AND BALFOUR
BEATTY CONSTRUCTION**

Hearing Date: December 7, 2001
Hearing Time: 9:30 a.m.

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3 Upon the motion, dated November 16, 2001 (the "Mo-
4 tion"),¹ of the above-captioned debtors and debtors-in-possession
5 (the "Debtors"), for entry of an order, under 11 U.S.C. § 363 and
6 Fed. R. Bankr. P. 9019 approving settlement resolving claims
7 between Washington Group International, Inc. ("WGI") and Balfour
8 Beatty Construction ("Balfour"), the Court being satisfied with
9 the representations made in the Motion that the Settlement is
10 necessary and would be in the best interests of the Debtors'
11 estates; and it appearing that proper and adequate notice has
12 been given and that no other or further notice is necessary; and
13 upon the record herein; and after due deliberation thereon; and
14 good and sufficient cause appearing therefor, it is hereby:

15
16 ORDERED, DECREED and ADJUDGED that:

17 1. The Motion is GRANTED.

18 2. Pursuant to section 363 of the Bankruptcy Code,
19 WGI is authorized to enter into the Settlement substantially in
20 the form outlined in the termsheet attached to this Order as
21 Exhibit A.

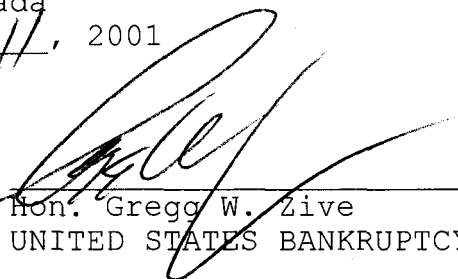
22 3. Balfour and the Debtors may take such actions and
23 execute any documents necessary to consummate the Settlement.
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27 ¹ Capitalized terms used herein and not otherwise
28 defined shall have the meanings ascribed to them in
 the Motion.

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4. This Court shall retain jurisdiction regarding the implementation of this Order and in resolving any disputes arising therefrom or with regard to the Settlement.

Dated: Reno, Nevada
December 11, 2001


Hon. Gregg W. Zive
UNITED STATES BANKRUPTCY JUDGE



**TERM SHEET TO
SETTLEMENT AGREEMENT BETWEEN
WGI AND BALFOUR BEATTY**

I. Payment

The Debtors will pay Balfour Beatty \$500,000 on the Effective Date of the Third Modified Second Amended Joint Plan of Reorganization of Washington Group International, Inc., *et al.* (the "Plan"). Conditional upon the dismissal of the litigation described in paragraph IV below, under no circumstances shall amounts paid to Balfour be subject to disgorgement by the Debtors or the Reorganized Debtors.

II. Resolution of Balfour's Proofs of Claims

Balfour's Proofs of Claim shall conclusively be allowed in the full amount of \$6,677,271.90, and the amount of such claim may not be objected to by Debtors, the Creditors' Committee, the Plan Committee or any other party-in-interest.

III. Balfour Obligations

Upon the filing of a motion seeking approval of this Agreement by the Court, Balfour will withdraw all of its objections to the Plan. Upon receipt by Balfour of a distribution based on the claim allowed in paragraph II above, Balfour waives any right and is barred from proceeding against any of the Debtors' insurance policies, insurance providers or other sources of payment, including any bonds related to Florida Litigation which might cover its claim.

IV. Litigation Standstill

Balfour and WGI will dismiss with prejudice the litigation entitled Balfour Beatty Construction, Inc. v. Morrison-Knudsen Corporation, D.C. Docket No. 98-06266-CV-WDF, and any related proceedings presently pending in the United States District Court for the District of Florida (the "Florida Litigation"), after the later to occur of the Effective Date of the Plan, the receipt by Balfour of the \$500,000 payment, and the date upon which a distribution of the New Common Stock and the Class 7 Stock Warrants is made by the Reorganized Debtors to holders of Allowed Class 7 Claims (the "Class 7 Distribution Date"). Provided that WGI does not default under the terms of this Agreement, until such time as such litigation is dismissed as described above, Balfour and WGI agree to stay such litigation and any related proceedings, and Balfour agrees not to proceed against any of the Debtors' insurance policies, insurance providers or other sources of payment, including any bonds related to Florida Litigation which might cover its claim.

V. Settlement Approval

WGI shall file all pleadings necessary to obtain approval by the Court of this Agreement pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure, with such approval to be sought as soon as the Court's calendar will allow.

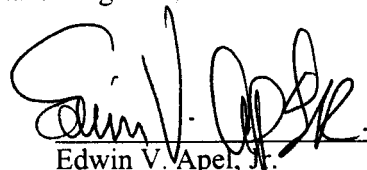
VI. Mutual Release

After the later to occur of the Effective Date of the Plan, the receipt by Balfour of the \$500,000 payment and the Class 7 Distribution Date, the Debtors and Reorganized Debtors and Balfour, will mutually release, waive and discharge all claims, obligations, and causes of action that either party may have against the other in connection with the Florida Litigation.

VII. Miscellaneous

This Agreement may be executed by facsimile and in one or more counterparts, each of which shall be an original and all of which, taken together, shall constitute one and the same instrument.

John Walsh
Chief Financial Officer
Balfour Beatty Construction, Inc.



Edwin V. Apel, Jr.
Vice President-Risk Management
Washington Group International, Inc.